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**Citrus Annual Report**

**1999**

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**Report Highlights:**

**Total Brazilian 1997/98 orange crop revised upward to 390 M Boxes and 1998/99 crop forecast at 440 M Boxes due to expected good yields. Citrus canker is a major concern for Sao Paulo orange growers and it is estimated that 1 to 2 million trees will be eradicated. Producers prices for the 1998/99 crop are likely to be lower than last season and should range from R\$ 2.50 to R\$ 4.00 per box. FCOJ production estimate for MY 1998/99 revised upward to 1.174 mmt, 65 Brix, due to higher amount of fruit for processing. MY 1999/2000 FCOJ production forecast at 1.258 mmt. FCOJ export estimate for MY 1998/99 down to 1.128 mmt, while MY 1999/2000 forecast at 1.208 mmt.**

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Includes PSD changes:  
Includes Trade Matrix:  
Annual Report  
BR

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## Executive Summary

The Agricultural Trade Office (ATO)/Sao Paulo estimate for total Brazilian 1997/98 orange crop (Marketing Year 1998/99, Jul-Jun) has been adjusted upward to 390 million 40.8 kilogram (kg) boxes (M Boxes), a 6 percent increase compared to previous projection, due to a larger than expected fourth bloom in the state of Sao Paulo. ATO/Sao Paulo forecasts the total Brazilian 1998/99 orange crop (MY 1999/2000) at 440 M Boxes, a 13 percent increase compared to previous crop, based on field trip observations and information from post contacts. The harvest season in the state of Sao Paulo has begun and should continue through the end of January 2000.

New seedling plantings have not been sufficient to replace tree inventory losses due to citrus canker, CVC, and abandonment due to low prices and bad crop management. A 3 to 4 year period will be necessary to rebuild non-bearing trees inventory and an additional 3 to 4 year period will be needed to rebuild bearing trees inventory. According to many citrus specialists, within the next years, citrus growing areas are likely to migrate to the southern part of the Sao Paulo commercial area which has cooler temperatures and lower water deficit compared to the northern region of the state. These areas are more adapted to plant citrus trees and are more tolerant to diseases.

Citrus canker has been a major concern for orange growers in the state of Sao Paulo. According to post contacts, 1 to 2 million trees could be eradicated in the next few years in an effort to bring the disease under control. Some post contacts report that the proportion of infected trees increased from approximately 0.39 percent in 1998 to only 0.70 percent in 1999 and that these figures indicate that the disease is not out of control.

Prices received by producers for MY 1999/2000 are likely to be lower than last season due to the higher availability of fruit. According to post contacts, approximately 60 percent of the oranges that should be delivered for processing in the current crop have already been contracted. This includes the orange production owned by processors themselves, and the orange production from independent growers. Orange spot prices are likely to range from R\$ 2.50 to R\$ 4.00 per box.

The ATO/Sao Paulo estimate for MY 1998/99 Brazilian fresh orange consumption has been adjusted downward to 103 M Boxes, a 3 percent reduction compared to previous projection, due to higher volume delivered for processing. This figure represents a 22 percent drop compared to previous season due to the lower 1997/98 orange crop, higher demand and the relatively better price for fruit by the processing industry, and the lower risk of selling the oranges to the industry as opposed to fresh fruit market. ATO/Sao Paulo forecasts the MY 1999/2000 Brazilian fresh orange consumption at 138 M Boxes, a 34 percent increase from last year, due to the expected larger crop and the relatively stable demand by processing plants.

ATO/Sao Paulo has revised upward the total Brazilian FCOJ production estimate for MY 1998/99 to 1.174 million metric tons (mmt), 65 Brix, up 10 percent compared to previous projection, due to higher amount of fruit delivered for processing. ATO/Sao Paulo forecasts total MY 1999/2000 Brazilian FCOJ production at 1.258 mmt, a 7 percent increase compared to last year due to higher availability of fruit. The Sao Paulo commercial area is expected to contribute 295 M Boxes of oranges for processing, a 5 percent increase compared to last season, while the remainder should come from other producing states.

ATO/Sao Paulo has revised downward the total Brazilian FCOJ export estimate for MY 1998/99 (Jul-Jun) to 1.128 mmt (65 Brix), a 4 percent decrease compared to previous projection, based on information from post contacts. ATO/Sao Paulo forecasts total MY 1999/2000 Brazilian FCOJ exports at 1.208 mmt, up 7 percent from last season due to expected higher orange production and more fruit moving to crush. According to post

contacts, current FCOJ prices are US\$ 1,400 - 1,500 per metric ton for shipments to the European Union and US\$ 1,200 - 1,300 per ton for shipments to Asia and Australia. Prices are stable and trade sources report that companies get a fair profitability margin as they are operating above the minimum price limit. The January 99 devaluation of the local currency, Real, did not bring any significant result to FCOJ companies as they trade the product in dollar terms.

The ATO/Sao Paulo estimate for MY 1998/99 carry-over stocks has been adjusted upward to 263,000 metric tons (65 Brix), due to the higher volume of oranges for processing and the lower than previously expected FCOJ exports. ATO/Sao Paulo forecasts ending stocks for MY 1999/2000 at 295,000 metric tons, due to higher estimated beginning stocks for the season and relative production-export balance.

Next July 23, FCOJ processing plants will restart citrus pulp pellets (CPP) exports to Europe. Exports had been disrupted during MY 1998/99 due to the contamination of the product by dioxin. Citrus pulp pellet exports must follow quality requirements set by the Brazilian Ministry of Agriculture under specification set by the Animal Sanitary Commission of the European Union. Approximately 1.3 mmt of CPP is likely to be produced during MY 1999/2000 which are valued at US\$ 100 million.

**FRESH ORANGES****PS&D Table: Fresh Oranges**

PSD Table						
Country	Brazil					
Commodity	Fresh Oranges		Hectares, 1,000 Trees, 1,000 MT			
Market Year Begin	Revised	1996	Preliminary	1997	Forecast	1998
	Old	New	Old	New	Old	New
		07/1997		07/1998		07/1999
Area Planted	854000	854000	805000	805000	0	768000
Area Harvested	769000	769000	738000	738000	0	717000
Bearing Trees	214000	214000	205000	205000	0	198000
Non-Bearing Trees	26000	26000	21000	21000	0	16000
TOTAL No. Of Trees	240000	240000	226000	226000	0	214000
Production	18972	18972	15014	15912	0	17952
Imports	0	0	0	0	0	0
TOTAL SUPPLY	18972	18972	15014	15912	0	17952
Exports	98	98	82	82	0	82
Fresh Dom. Consumption	5410	5410	4325	4202	0	5630
Processing	13464	13464	10607	11628	0	12240
TOTAL DISTRIBUTION	18972	18972	15014	15912	0	17952

## Production

### PS&D Tables

The following tables provide revised data for the Sao Paulo and total Brazilian fresh orange PS&Ds for the Marketing Years (MY) 1997/98, 1998/99 and 1999/2000 (Jul-Jun).

Sao Paulo Fresh Oranges PS&D (1,000 ha, million trees & million 40.8 kg boxes)			
Item/Marketing Year	1997/98	1998/99	1999/00
(Bloom/Harvest)	(96/97)	(97/98)	(98/99)
Area Planted 1/	702	653	616
Area Harvested	631	600	579
Bearing Trees 2/	178	169	162
Non-Bearing Trees	22	17	12
Total Trees	200	186	174
Production	420	342	395
Exports	2.4	2	2
Domestic Consumption	97.6	60	98
Processing	320	280	295

Brazilian Fresh Oranges PS&D (1,000 ha, million trees & million 40.8 kg boxes)			
ITEM/MARKETING YEAR	1997/98	1998/99	1999/00
(Bloom/Harvest)	(96/97)	(97/98)	(98/99)
Area Planted 1/	854	805	768
Area Harvested	769	738	717
Bearing Trees 2/	214	205	198
Non-Bearing Trees	26	21	16
Total Trees	240	226	214
Total Production	465	390	440
Sao Paulo	420	342	395
Others	45	48	45
Exports	2.4	2	2
Sao Paulo	2.4	2	2
Others	0	0	0
Domestic Consumption	132.6	103	138
Processing	330	285	300
Sao Paulo	320	280	295
Others	10	5	5

Note: 1/ See "Crop Area" for tree density, 2/ Trees 4 years of age and older.

## General

The Agricultural Trade Office (ATO)/Sao Paulo estimate for total Brazilian 1997/98 orange crop (Marketing Year 1998/99, Jul-Jun) has been adjusted upward to 390 million 40.8 kilogram (kg) boxes (M Boxes), a 6 percent increase compared to previous projection, but a 16 percent drop compared to previous crop, due to a larger than expected fourth bloom in the state of Sao Paulo. The state accounted for approximately 88 percent of total Brazilian production (342 M boxes).

According to the Brazilian Association of Citrus Exporters (ABECITRUS), revised orange production for the 1997/98 crop in the commercial orange-growing areas of the state of Sao Paulo plus those in the western part of the state of Minas Gerais is 330 M Boxes (May, 1999), up 32 M Boxes from previous projection in May, 1998. As reported by the Institute of Agricultural Economics (IEA) of the Sao Paulo State Secretariat of Agriculture, the state of Sao Paulo 1997/98 orange crop is estimated at 340.7 M Boxes (last survey conducted in November 1998). Note that both ABECITRUS and IEA take different geographical variables into account to achieve their production estimate (see BR7032). ATO/Sao Paulo's orange production estimate adopts the same geographical pattern as that of ABECITRUS, i.e., the commercial area of the state of Sao Paulo plus the western part of the state of Minas Gerais.

ATO/Sao Paulo forecasts the total Brazilian 1998/99 orange crop (MY 1999/2000) at 440 M Boxes, a 13 percent increase compared to previous crop, based on field trip observations and information from post contacts. The commercial growing areas of the state of Sao Paulo plus the western part of the state of Minas Gerais should contribute 395 M Boxes, while the remainder should come from other parts of Sao Paulo and other producing states, such as Parana, Bahia and Sergipe. The harvest season in the state of Sao Paulo has already begun and should continue through the end of January 2000.

Flowerings and fruit setting in the state of Sao Paulo were supported by good weather conditions — temperature, rainfall and humidity — that prevailed during the second half of 1998 and first half of 1999. The Hamlim variety production is expected to recover from last season and the late bloom varieties, “Natal” and “Valencia”, are in their “on-year” of the biannual production cycle. In addition, good prices that prevailed last season supported improved grove management, thus reflected in expected higher production for the 1998/99 crop. However, disease-related problems such as citrus canker and Citrus Chlorosis Variegated (CVC) will somewhat negatively affect the 1998/99 crop.

Last May, ABECITRUS released a report which placed the 1998/99 orange crop (MY 1999/2000) at 388 M Boxes, a 17 percent increase compared to last season. According to the more recent survey released by IEA (February 1999), the 1998/99 orange crop for the state of Sao Paulo is estimated at 381 M Boxes, or 12 percent higher than last year. No forecast for the 1999/2000 orange crop (MY 2000/01) has yet been announced, but there is a consensus that the next orange crop is likely to be lower than the current season because the “Natal” and “Valencia” varieties will be on the “off-season” of the biannual production cycle and the number of bearing trees will be reduced due to citrus canker problems.

## Crop Area and Tree Inventory

The ATO/Sao Paulo estimate for the Brazilian orange trees inventory for MY 1998/99 remains unchanged at 226 million trees (205 million bearing trees and 21 million non-bearing trees). The Sao Paulo commercial area accounts for 169 million bearing trees and 17 million non-bearing trees, while the remainder comes from other

parts of Sao Paulo and other producing states. The ATO/Sao Paulo forecast for total MY 1999/2000 Brazilian orange tree inventory is 214 million trees, a 5 percent reduction compared to last season, due to the lower number of bearing and non-bearing trees in the commercial production area of Sao Paulo. The decline is the result of citrus canker disease, CVC, and a slow-down in the pace of new plantings, in addition to abandonment and eradication of old and non-productive groves. The Sao Paulo commercial area should contribute 162 million bearing trees and 12 million non-bearing trees.

As reported by IEA in the February 1999 crop survey, orange tree inventory for Sao Paulo 1998/99 crop is 224.9 million trees (197.5 million bearing trees and 27.4 million non-bearing trees). Post contacts report that these figures include 10 to 12 million bearing trees that should be eradicated until year 2000 due to abandonment. According to data provided by ABECITRUS last June, orange tree inventory for MY 1999/2000 is estimated at 173 million trees — 162 million bearing trees and 11 million non-bearing trees.

New seedling plantings have not been sufficient to replace tree inventory losses resulting from citrus canker, CVC, and abandonment due to low prices and previous bad grove management. A 3 to 4 year period will be necessary to rebuild non-bearing trees inventory, with an additional 3 to 4 years needed to rebuild the bearing tree inventory. Approximately 50 independent nurseries offer high quality seedlings produced in a protected environment. These represent about 2 million seedlings per year or 20 percent of total seedling demand. According to post contacts, the seedling price has jumped from R\$ 1 per unit to R\$ 2 since the appearance of CVC. In addition, FCOJ processors are becoming more self-sufficient regarding their orange supply, depending less on independent groves. Companies such as Cutrale, Citrosuco, Citrovida and Louis Dreyfus/Coinbra have their own nurseries which produce high quality seedlings.

The ATO/Sao Paulo estimate for the Brazilian orange area for MY 1998/99 remains unchanged at 805,000 hectares (ha.). The Sao Paulo commercial area accounts for 653,000 ha., while the remainder comes from other parts of Sao Paulo and other producing states. ATO/Sao Paulo forecasts total Brazilian area planted to oranges for MY 1999/2000 at 768,000 ha., a 5 percent reduction compared to last season, due to reduced tree inventory. Area harvested for MY 1999/2000 is forecast at 717,000 ha. and the commercial area of the state of Sao Paulo should contribute 579,000 ha.

Tree density estimates used to calculate planted area: 280 trees per hectare for commercial growing areas in the state of Sao Paulo; 205 trees per hectares for growing areas in the Northeast, 260 trees per hectare for growing areas in other states; 320 trees per hectare for new commercial plantings in Sao Paulo; 415 trees per hectare for new plantings in the Northeast; and 285 trees per hectare for new planting in other states.

According to many citrus specialists, the commercial citrus growing area is likely to migrate to southern Sao Paulo commercial area which has cooler temperatures and lower water deficit compared to the more northern region of the state. These areas are more adapted to citrus trees and present fewer disease problems.

## **Yields**

The ATO/Sao Paulo estimate for the Brazilian 1997/98 crop yield (MY 1998/99) has been revised upward to 1.9 boxes (40.8 kg) per tree, a 6 percent increase compared to previous projection, due to a larger than expected fourth bloom in Sao Paulo. Yields for MY 1999/2000 are forecast at 2.22 boxes (40.8 kg) per tree, up 17 percent from last season, due to good weather conditions that favored blossoming and fruit setting, and good grove management as a result of steady favorable orange prices during last season.

## Diseases

The results of the 1998 survey conducted by the Sao Paulo State Fund for the Defense of Citriculture (FUNDECITRUS) to evaluate the incidence of Citrus Chlorosis Variegated (CVC) in the Sao Paulo commercial growing areas show that 4.2 percent of the trees showed severe symptoms, 15.8 percent of the trees showed minor symptoms, while the remaining 79.9 percent of the trees did not show any symptom. The 1998 survey used approximately 50 percent of the original sample that had been sampled since 1996 (7,000 trees) as many trees were lost by age. In addition, 3,500 new sampling trees were chosen to complete the sampling set. The table below shows the evolution of the disease from 1996 to 1998, as reported by FUNDECITRUS.

Citrus Chlorosis Variegated (CVC) - Estimated Prevalence of Symptoms (percentage of total sample 1/).				
Level 2/	1996	1997	1998	1998 3/
0	76.4	66.0	79.9	77.7
1	16.8	23.6	15.8	14.6
2	5.2	8.1	3.9	6.7
3	1.6	2.3	0.3	1.0

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).  
 1/ Sample = 7,000 marked trees  
 2/ Level 0: no symptoms observed; Level 1: some leaves with symptoms in some branches; Level 2: several leaves with symptoms in several branches, some emaciated branches, small fruit; Level 3: emaciated plant, widespread small fruit.  
 3/ Considering only the additional 3,500 new sampling trees.

According to these data, the number of plants with no observed symptoms increased 13.8 percent points from 1997 to 1998, but part of this improvement on the plant health condition could be associated with the elimination of some likely affected trees from previous surveys and the introduction of 3,500 new trees to the sample set. However, post contacts report that although CVC still represents a problem, citrus growers have learned more about how to deal with the situation, thus weakening the initial threat posed by the bacterium that causes the disease.

Citrus canker has been a major concern for orange growers in Sao Paulo. The table below shows the evolution of the disease in the past few years and, according to post contacts, 1 to 2 million trees could be eradicated in the next few years in an effort to bring the disease under control. Some contacts report that the slight increase in infected trees from approximately 0.39 percent in 1998 to 0.70 percent in 1999 indicates that the disease is not out of control. FUNDECITRUS is taking an active role in the detection and eradication of citrus canker. Approximately 4,000 agronomists and technicians were contracted to examine Sao Paulo groves for citrus canker and then to eradicate infected trees and a specified buffer zone surrounding infected trees, in order to halt the spread of the disease. The Sao Paulo State government will support activities granting approximately US\$ 28 million to finance operations the next 3 years. Private sources will invest approximately US\$ 17 million in 1999 to control the disease.

Evolution of Citrus Canker in the State of Sao Paulo					
Year	Number of Towns	Number of Areas	Infected Plants	Affected Plants 1/	Affected Seedlings
1992	4	9	934	7,733	--
1993	6	14	342	10,433	--
1994	12	144	746	10,165	8,000
1995	11	25	8,253	38,230	200,512
1996	22	45	3,512	30,394	1,310,000
1997	39	190	39,014	197,353	256,439
1998	64	457	91,602	667,382	828,420
1999 2/	85	434	148,230	385,128	121,849

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).  
1/ Plants affected in a 30 meter radius from the infected plant.  
2/ January to June 20 period, inspection and eradication of plants in progress.

## Quality

As reported by post contacts, the 1997/98 crop (MY 1998/99) was characterized by fruit size larger than average. The number of oranges per tree was approximately 240 units, whereas 270 oranges per tree is the average. The 1998/99 crop (MY 1999/2000) is expected to have smaller than average fruits and higher droppage rate than historical levels since a high orange production is expected to occur. Post estimates the MY 1998/99 extraction rate at 4.12 kg of FCOJ per box of oranges, a 2 percent decrease compared to last season. Extraction rate for MY 1999/2000 is forecast at 4.19 kg of FCOJ per box of oranges.

## Prices for Producers

The tables below show average monthly prices received by producers from 1994 to 1999 for both processing and the fresh market, as reported by IEA. Note that prices in the last months of 1998 were much higher than average due to an unexpected strong demand by processing plants. Prices received by producers for MY 1999/2000 are likely to be lower than last season due to the higher availability of oranges. According to post contacts, approximately 60 percent of the current orange crop that should be delivered for processing has already been contracted. This includes the orange production owned by processors and the oranges from independent growers. Orange spot prices are likely to range from R\$ 2.50 to R\$ 4.00 per box.

As reported by the press on July 5th, the "Hamlim" variety was being marketed at R\$ 2.50 per box and the "Pera" variety at R\$ 3. Orange production costs are estimated to have increased by 15 to 20 percent due to higher costs of inputs since the January 1999 devaluation of the local currency, the Real, and the adoption of a floating exchange system. Orange prices would need to stay on the high side of the price range in order to cover expenses. Post contacts also report that several contracts were set at US\$ 2.50 per box and these are likely to benefit from the devaluation of Real.

Average Prices Received by Sao Paulo Producers. 1/ (Oranges for processing, R\$/40.8-kg box)						
Month	1994	1995	1996	1997	1998	1999
January	2.21	3.45	1.44	2.33	2.70	4.18
February	2.34	3.07	1.49	2.41	3.01	4.53
March	2.23	n/a	1.10	2.30	2.91	4.46
April	2.23	2.91	1.45	2.46	2.89	--
May	2.70	2.72	1.12	2.22	3.08	--
June	3.45	2.65	1.45	2.22	3.54	--
July	4.01	1.95	1.41	2.23	3.75	--
August	3.97	1.77	1.69	2.23	4.13	--
September	3.88	1.67	1.88	2.17	4.35	--
October	3.71	1.58	1.94	2.15	4.38	--
November	3.88	1.57	2.17	2.38	4.42	--
December	3.49	1.58	2.20	2.49	4.17	--

1/ Deflator: IGP-DI (July 1998) of Fundacao Getulio Vargas.  
Source: Institute of Agricultural Economics (IEA).

Average Prices Received by Sao Paulo Producers. 1/ (Oranges for the fresh market, R\$/40.8-kg box)						
Month	1994	1995	1996	1997	1998	1999
January	6.09	6.15	2.10	3.39	4.37	6.11
February	6.20	5.48	1.98	4.25	4.60	7.18
March	5.18	6.21	1.98	4.43	5.06	7.52
April	4.96	6.50	2.70	4.29	4.44	--
May	4.07	5.34	2.16	3.65	3.84	--
June	4.79	4.05	2.38	3.05	4.12	--
July	4.93	3.30	2.38	3.01	4.25	--
August	5.01	2.84	2.45	2.83	4.94	--
September	5.26	2.92	2.79	2.81	5.30	--
October	5.90	2.83	2.83	2.85	5.32	--
November	6.48	2.92	3.10	3.14	5.45	--
December	7.19	2.42	2.95	3.63	5.49	--

1/ Deflator: IGP-DI (July 1998) of Fundacao Getulio Vargas.  
Source: Institute of Agricultural Economics (IEA).

## **Consumption**

The ATO/Sao Paulo estimate for MY 1998/99 Brazilian fresh orange consumption has been adjusted downward to 103 M Boxes, a 3 percent reduction compared to previous projection, due to higher volume delivered for processing. This figure represents a 22 percent drop compared to previous season due to the lower 1997/98 orange crop, the higher demand for fruit by the processing industry, and the lower risk of selling to the industry as opposed to less reliable local fresh market buyers. Fruits for the domestic fresh market originated from the Sao Paulo commercial growing areas are estimated at 60 M Boxes. Last May, ABECITRUS reported that oranges for domestic market originated from the Sao Paulo commercial growing areas were estimated at 51 M Boxes

ATO/Sao Paulo forecasts MY 1999/2000 fresh orange consumption at 138 M Boxes, a 34 percent increase from past season, due to the expected higher crop and the relatively stable demand by processors. Post forecasts that the Sao Paulo commercial growing areas will contribute 98 M Boxes for the domestic market. ABECITRUS places oranges coming from commercial areas for the domestic market at 108 M Boxes. Note that these figures include actual domestic consumption plus losses from harvesting, hauling, and packing. Domestic consumption estimates are taken as the difference between production estimates and the volume of oranges delivered for processing.

## Trade

### Exports

The ATO/Sao Paulo estimate for MY 1998/99 (Jul-Jun) fresh orange exports remains unchanged at 2 M Boxes. Post forecasts fresh orange exports for MY 1999/2000 stable at 2 M Boxes. The table below shows official fresh oranges exports (NCM 0805.10.00) by country of destination for MY 1997/98 and MY 1998/99 (Jul-Mar), as reported by the Brazilian Department of Foreign Trade (DECEX).

Fresh Orange Exports by Country of Destination (MT & US\$ 1,000 FOB)				
Destination	MY 1997/98 1/		MY 1998/99 1/	
	Quantity	Value	Quantity	Value
Netherlands	66,085	16,246	46,179	9,847
U.A.E.	8,701	2,290	5,389	1,123
United Kingdom	5,569	1,300	1,787	444
Russia	3,363	1,023	1,871	364
Spain	2,897	762	--	--
Portugal	2,329	748	2,621	770
Kuwait	1,795	472	1,488	310
Saudi Arabia	726	191	--	--
Dutch Antilles	162	33	--	--
Cape Verde	38	16	4	2
Others	15	18	3	14
Total	91,679	23,099	59,343	12,874
Source: Brazilian Department of Foreign Trade (DECEX), NCM 0805.10.00				
Note: "-" means no trade, "0" means less than 500 kg or US\$ 500.				
1/ July to March.				

### Imports

According to DECEX, Brazilian fresh orange imports for MY 1997/98 and MY 1998/99 for the July-March period are 1,643.7 and 2,550.8 metric tons or 40,286 and 62,519 boxes of oranges, respectively.

**ORANGE JUICE****PS&D Table: Orange Juice**

PSD Table						
Country	Brazil			65 Degrees Brix		
Commodity	Juice, Orange				(MT)	
Market Year Begin	Revised	1996	Preliminary	1997	Forecast	1998
	Old	New	Old	New	Old	New
		07/1997		07/1998		07/1999
Deliv. To Processors	13464	13464	10607	11628	0	12240
Beginning Stocks	126000	126000	235500	235500	110000	263000
Production	1390000	1390000	1068000	1174000	0	1258000
Imports	0	0	0	0	0	0
<b>TOTAL SUPPLY</b>	<b>1516000</b>	<b>1516000</b>	<b>1303500</b>	<b>1409500</b>	<b>110000</b>	<b>1521000</b>
Exports	1265000	1265000	1178000	1128000	0	1208000
Domestic Consumption	15500	15500	15500	18500	0	18000
Ending Stocks	235500	235500	110000	263000	0	295000
<b>TOTAL DISTRIBUTION</b>	<b>1516000</b>	<b>1516000</b>	<b>1303500</b>	<b>1409500</b>	<b>0</b>	<b>1521000</b>

## Production

### PS&D Tables

The following tables provide revised data for the Sao Paulo and total Brazilian frozen concentrated orange juice (FCOJ) PS&Ds for the Marketing Years (MY) 1997/98, 1998/99 and 1999/2000 (Jul-Jun).

Sao Paulo FCOJ PS&D (Million 40.8 kg boxes, TMT, 65 degrees brix)			
Item/Marketing Year	1997/98	1998/99	1999/00
(Bloom/Harvest)	(96/97)	(97/98)	(98/99)
Delivered to Processors	320	280	295
Beginning Stocks	126	235.5	263.0
Production	1,353	1,156	1,240
Total Supply	1,479	1,391.5	1,503.0
Exports	1,228	1,110	1,190
Domestic Consumption	15.5	18.5	18.0
Ending Stocks	235.5	263	295
Total Distribution	1,479	1,391.5	1,503.0
FCOJ yields (kg/box)	4.23	4.13	4.20

Brazilian FCOJ PS&D (Million 40.8 kg boxes, TMT, 65 degrees brix)			
Item/Marketing Year	1997/98	1998/99	1999/00
(Bloom/Harvest)	(96/97)	(97/98)	(98/99)
Delivered to Processors	330	285	300
Sao Paulo	320	280	295
Others	10	5	5
Beginning Stocks *	126	235.5	263.0
Total Production	1,390	1,174	1,258
Sao Paulo	1,353	1,156	1,240
Others	37	18	18
Total Supply	1,516	1,409.5	1,521.0
Exports	1,265	1,128	1,208
Sao Paulo	1,228	1,110	1,190
Others	37	18	18
Domestic Consumption	15.5	18.5	18.0
Ending Stocks	235.5	263	295
Total Distribution	1,516	1,409.5	1,521.0
FCOJ Yields (kg/box)	4.21	4.12	4.19
* Sao Paulo stocks.			

## **General**

ATO/Sao Paulo has revised upward the total Brazilian FCOJ production estimate for MY 1998/99 to 1.174 million metric tons (mmt), 65 Brix, up 10 percent compared to previous projection, due to higher amount of fruit delivered for processing. Sao Paulo FCOJ production has been adjusted to 1.156 mmt, while other processing areas contributed 18,000 metric tons.

Total oranges delivered for crushing for MY 1998/99 have been adjusted to 285 M Boxes, an additional 25 M Boxes compared to previous estimate, due to the higher demand for fruit for processing in the Sao Paulo commercial area during the last months of the year. The Sao Paulo commercial area contributed 280 M Boxes for processing, a 10 percent increase compared to previous figure, while the remaining 5 M Boxes came from other producing areas in Parana and Sergipe.

According to the Brazilian Association of Citrus Exporters (ABECITRUS), cumulative FCOJ production for MY 1998/99 was 1,138,502.3 tons (66 Brix) compared to 1,308,521.2 tons (66 Brix) in MY 1997/98. Late crushing during the February 14 to May 9, 1999 period was 15,416.2 tons (66 Brix).

ATO/Sao Paulo forecasts total MY 1999/2000 Brazilian FCOJ production at 1.258 mmt, a 7 percent increase compared to last season due to higher availability of fruit. The Sao Paulo commercial area is expected to contribute 295 M Boxes of orange for processing, a 5 percent increase compared to last season, while the reminder should come from other producing states. According to data released by ABECITRUS, 280 M Boxes of oranges should be delivered for processing during MY 1999/2000. The MY 1999/2000 processing season has already started and should be extended through the end of January.

## **Consumption**

ATO/Sao Paulo estimate for total MY 1998/99 domestic FCOJ consumption has been revised upward to 18,500 metric tons (65 Brix), a 19 percent increase form previous season, based on information released by ABECITRUS. Domestic FCOJ consumption forecast for MY 1999/2000 is likely to remain stable at 18,000 thousand metric tons.

## Trade

### Exports

ATO/Sao Paulo has revised downward the total Brazilian FCOJ export estimate for MY 1998/99 to 1.128 mmt (65 Brix), a 4 percent decrease compared to previous projection, based on information from post contacts. FCOJ exports from Sao Paulo production are estimated at 1.11 mmt (65 Brix), down 50,000 tons from previous figure. According to ABECITRUS, cumulative exports through the Port of Santos for MY 1998/99 are 1,093,912.9 metric tons (66 Brix). ATO/Sao Paulo forecasts total MY 1999/2000 Brazilian FCOJ exports at 1.208 mmt, up 7 percent from last season due to the expected higher orange production and more fruit moving to crush. According to post contacts, current FCOJ export prices are US\$ 1,400 - 1,500 per ton for shipments to the European Union and US\$ 1,200 - 1,300 per ton for shipments to Asia and Australia. Prices are stable and trade sources report that companies get a fair profitability margin as they are operating above the minimum price limit. The devaluation of the local currency, Real, did not bring any significant result to companies as they have been trading FCOJ in dollar terms for many years.

The table below shows official frozen concentrated and non-concentrated orange juice exports (NCM 2009.11.00) by country of destination for MY 1997/98 and MY 1998/99 for the July-March period, as reported by the Brazilian Department of Foreign Trade (DECEX).

Frozen Concentrated/Non-Concentrated Orange Juice Exports. (MT and US\$ 1,000 FOB).				
Destination	MY 1997/98 1/		MY 1998/99 1/	
	Quantity	Value	Quantity	Value
Belgium	347,669	291,072	351,991	384,730
Netherlands	320,935	266,850	254,568	293,963
United States	168,624	147,142	142,781	164,468
Japan	60,880	54,177	47,532	50,973
Australia	14,664	11,934	13,441	14,341
South Korea	22,613	20,382	10,835	12,479
United Kingdom	18,007	15,608	10,280	10,126
Puerto Rico	5,271	6,696	5,804	6,682
Chile	2,464	2,200	2,702	3,744
New Zealand	4,770	3,821	2,262	2,360
Argentina	1,370	1,139	1,657	2,194
Others	13,248	11,508	11,086	11,559
Total	980,513	832,529	854,940	957,619
Source: Brazilian Department of Foreign Trade (DECEX), NCM 2009.11.00. Note: "-" means no trade, "0" means less than 500 kg or US\$ 500. 1/ July to March.				

## **Imports**

As reported by DECEX, Brazilian frozen concentrated and non-concentrated orange juice imports (NCM 2009.11.00) by country of origin for MY 1997/98 and MY 1998/99 for the July-March period are 4.45 and 75 metric tons, respectively.

## **Stocks**

The ATO/Sao Paulo estimate for MY 1998/99 carry-over stocks has been adjusted upward to 263,000 metric tons (65 Brix), due to the higher volume of oranges for processing and the lower than previously expected FCOJ exports. ATO/Sao Paulo forecasts ending stocks for MY 1999/2000 at 295,000 metric tons, due to higher estimated beginning stocks for the season and relative production-export balance.

As reported by post contacts, FCOJ inventories are on the high level side and financing costs to keep them are not cheap. In addition, credit availability has been decreased since the devaluation of the local currency in January 1999. However, processing plants could take advantage of expected lower orange prices during the current season to build stocks for MY 2000/01 which may well experience a smaller orange crop due to normal on-year, off-year cycle and the reduction of bearing trees due to citrus canker problems.

## **CITRUS PULP PELLETS**

On July 23, 1999, FCOJ processing plants will restart citrus pulp pellets (CPP) exports to the EU. Exports had been disrupted during MY 1998/99 due dioxin contamination of the product. CPP exports must follow quality requirements set by the Brazilian Ministry of Agriculture under the guidance of the Animal Sanitary Commission of the European Union. Approximately 1.3 mmt of CPP are likely to be produced during MY 1999/2000 which are valued at US\$ 100 million.

**FRESH TANGERINES****PS&D Table: Fresh Tangerines**

PSD Table						
Country	Brazil					
Commodity	Fresh Tangerines			Hectares, 1,000 Trees, 1,000 MT		
Market Year Begin	Revised	1996	Preliminary	1997	Forecast	1998
	Old	New	Old	New	Old	New
		07/1997		07/1998		07/1999
Area Planted	34352	34352	38724	37808	0	38556
Area Harvested	27204	27204	30660	29908	0	31748
Bearing Trees	6801	6801	7665	7477	0	7937
Non-Bearing Trees	1787	1787	2016	1975	0	1702
TOTAL No. Of Trees	8588	8588	9681	9452	0	9639
Production	693	693	745	721	0	762
Imports	4	4	4	5	0	4
TOTAL SUPPLY	697	697	749	726	0	766
Exports	10	10	10	5	0	8
Fresh Dom. Consumption	517	517	569	551	0	588
Processing	170	170	170	170	0	170
TOTAL DISTRIBUTION	697	697	749	726	0	766

Note: Changes in area, tree inventory and production based on the Institute of Agricultural Economics (IEA) of the Sao Paulo State Secretariat of Agriculture. Changes in trade data based on the Brazilian Department of Foreign Trade (DECEX).

**FRESH CITRUS, OTHERS****PS&D Table: Fresh Citrus, Others**

PSD Table						
Country	Brazil					
Commodity	Fresh Citrus, Other			Hectares, 1,000 Trees, 1,000 MT		
Market Year Begin	Revised	1996	Preliminary	1997	Forecast	1998
	Old	New	Old	New	Old	New
		07/1997		07/1998		07/1999
Area Planted	37709	37709	39886	41491	0	43295
Area Harvested	28227	28227	30023	31245	0	33059
Bearing Trees	6210	6210	6605	6874	0	7273
Non-Bearing Trees	2086	2086	2170	2254	0	2252
TOTAL No. Of Trees	8296	8296	8775	9128	0	9525
Production	707	707	779	796	0	847
Imports	1	1	1	1	0	1
TOTAL SUPPLY	708	708	780	797	0	848
Exports	2	2	2	2	0	2
Fresh Dom. Consumption	660	660	732	749	0	800
Processing	46	46	46	46	0	46
TOTAL DISTRIBUTION	708	708	780	797	0	848

Note: Changes in area, tree inventory and production based on the Institute of Agricultural Economics (IEA) of the Sao Paulo State Secretariat of Agriculture. Changes in trade data based on the Brazilian Department of Foreign Trade (DECEX).

**FRESH LEMONS****PS&D Table: Fresh Lemons**

PSD Table						
Country	Brazil					
Commodity	Fresh Lemons			Hectares, 1,000 Trees, 1,000 MT		
Market Year Begin	Revised	1996	Preliminary	1997	Forecast	1998
	Old	New	Old	New	Old	New
		07/1997		07/1998		07/1999
Area Planted	2530	2530	2620	2620	0	2659
Area Harvested	2300	2300	2380	2380	0	2425
Bearing Trees	540	540	560	560	0	570
Non-Bearing Trees	55	55	55	55	0	55
TOTAL No. Of Trees	595	595	615	615	0	625
Production	73	73	75	75	0	76
Imports	0	0	1	1	0	1
TOTAL SUPPLY	73	73	76	76	0	77
Exports	1	1	1	1	0	1
Fresh Dom. Consumption	0	0	0	0	0	0
Processing	72	72	75	75	0	76
TOTAL DISTRIBUTION	73	73	76	76	0	77

Note: There are no published estimate for lemons. ATO/Sao Paulo assumes that all lemon production is processed or exported.

**Exchange Rate**

Exchange Rate (R\$/US\$1.00 - last day of period) 1/					
Month	1995	1996	1997	1998	1999
January	0.84	0.98	1.05	1.12	1.92
February	0.85	0.98	1.05	1.13	2.03
March	0.90	0.99	1.06	1.14	1.77
April	0.91	0.99	1.06	1.14	1.66
May	0.90	1.00	1.07	1.15	1.72
June	0.91	1.00	1.08	1.16	1.77
July	0.94	1.01	1.08	1.16	--
August	0.95	1.02	1.09	1.18	--
September	0.95	1.02	1.10	1.19	--
October	0.96	1.03	1.10	1.19	--
November	0.97	1.03	1.11	1.20	--
December	0.99	1.04	1.12	1.21	--
1/ Official rate.					